



In re Celsius Network LLC

Case No. 22 - 10964

United States Bankruptcy Court for Southern District of New York

Honorable Judge Martin Glenn

July 18, 2022



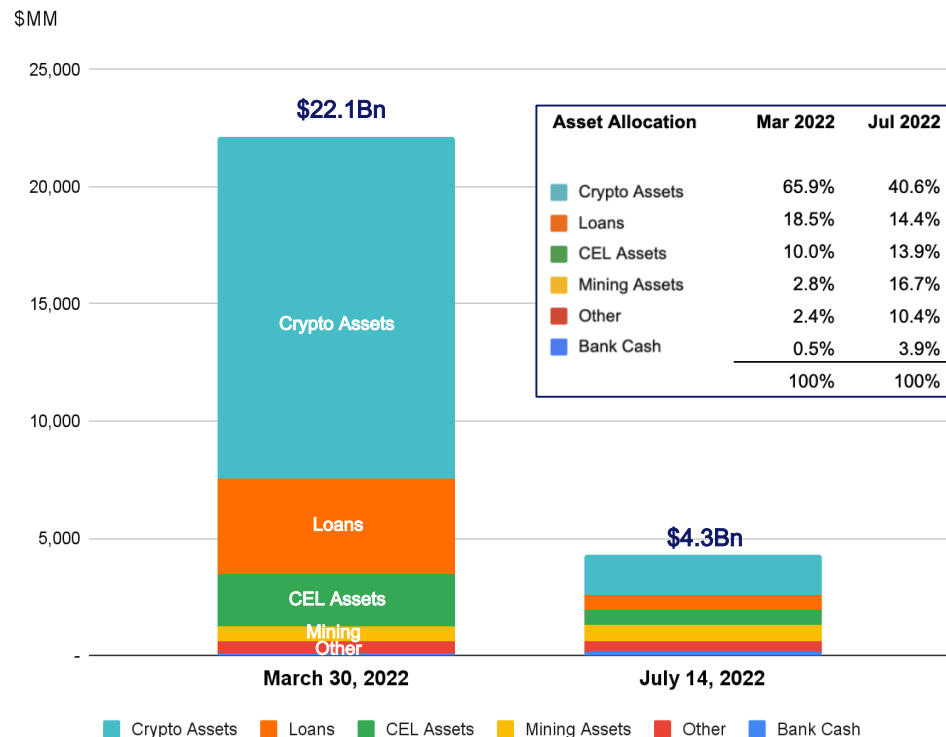
Asset Snapshot

Total Assets reduced by \$17.8Bn since March 30, 2022:

- User withdrawals: \$1.9Bn
- Decline in market value of holdings: \$12.3Bn
- Crypto liquidated by third parties (Tether): \$0.9Bn
- Crypto lost from investments: \$0.1Bn
- Loans : \$1.9Bn due to loan redemption and liquidation

	March 30, 2022	July 14, 2022	Chg
Assets			
Bank Cash	110	170	60
Other	520	450	(70)
Mining Assets	630	720	90
CEL Assets	2,210	600	(1,610)
Loans	4,080	620	(3,460)
Crypto Assets	14,560	1,750	(12,810)
Total Assets	\$ 22,110	\$ 4,310	\$ (17,800)
Liabilities			
User Liabilities	\$ (16,540)	\$ (4,720)	\$ 11,820
CEL Liabilities	(870)	(210)	660
Other	(4,680)	(570)	4,110
	\$ (22,090)	\$ (5,500)	\$ 16,590

Assets Comparison



BTC price decreased by 59% from Mar 30, 2022 to Jul 13, 2022.

Key Legal Questions

Legal issues critical to the outcome of this case include:

- Are the crypto assets in Celsius' possession property of the estate? Is the answer to this question different for crypto assets held under the Custody vs. the Earn program? What about crypto assets transferred to Celsius to collateralize institutional and retail loans?
- What does it mean to unimPAIR a crypto claim or to pay a crypto claim in full?
- Are customers entitled to the return of crypto in-kind?
- The amount of a crypto claim is determined as of what date (e.g., as of the petition date, effective date, distribution date)?
- Which Celsius entities do customers have claims against?
- Do retail and institutional borrowers have a setoff right where they (a) borrowed cash, stablecoins, or other crypto from Celsius and (b) transferred crypto to Celsius?
- Can Celsius recover customer withdrawals or loan liquidations completed in the 90 days before filing as preferences?

Current Status of Operations

Celsius Program	Status After Pause Date (June 12, 2022)	Status After Petition Date (July 13, 2022)
Earn Program (Retail)	<ul style="list-style-type: none">– No withdrawals, swaps, or transfers between accounts– New and existing customers can transfer crypto assets to their accounts– Customers continue to accrue rewards in Earn accounts	<ul style="list-style-type: none">– Unchanged– Customers <u>cannot</u> activate new accounts; not possible to halt new transfers from existing customers– Customers <u>do not</u> accrue rewards in Earn accounts
Custody Program (Retail)	<ul style="list-style-type: none">– No withdrawals, swaps, or transfers between accounts– New and existing customers can transfer crypto assets to their accounts	<ul style="list-style-type: none">– Unchanged– Customers <u>cannot</u> activate new accounts; not possible to halt new transfers from existing customers
Borrow Program (Retail)	<ul style="list-style-type: none">– Customers can take out new loans– Existing loans administered in the ordinary course	<ul style="list-style-type: none">– No new loans– Celsius no longer liquidating retail loans or demanding margin calls, but accepting loan repayments and continuing to hold coins posted as collateral
Institutional Lending and Borrowing	<ul style="list-style-type: none">– No new loans– Existing loans administered in the ordinary course	<ul style="list-style-type: none">– Unchanged– Celsius has paused liquidations of institutional loans and no longer demanding margin calls, but accepting loan repayments and continuing to hold coins posted as collateral

Proactive Steps

Celsius has taken proactive steps to safeguard and preserve its assets.

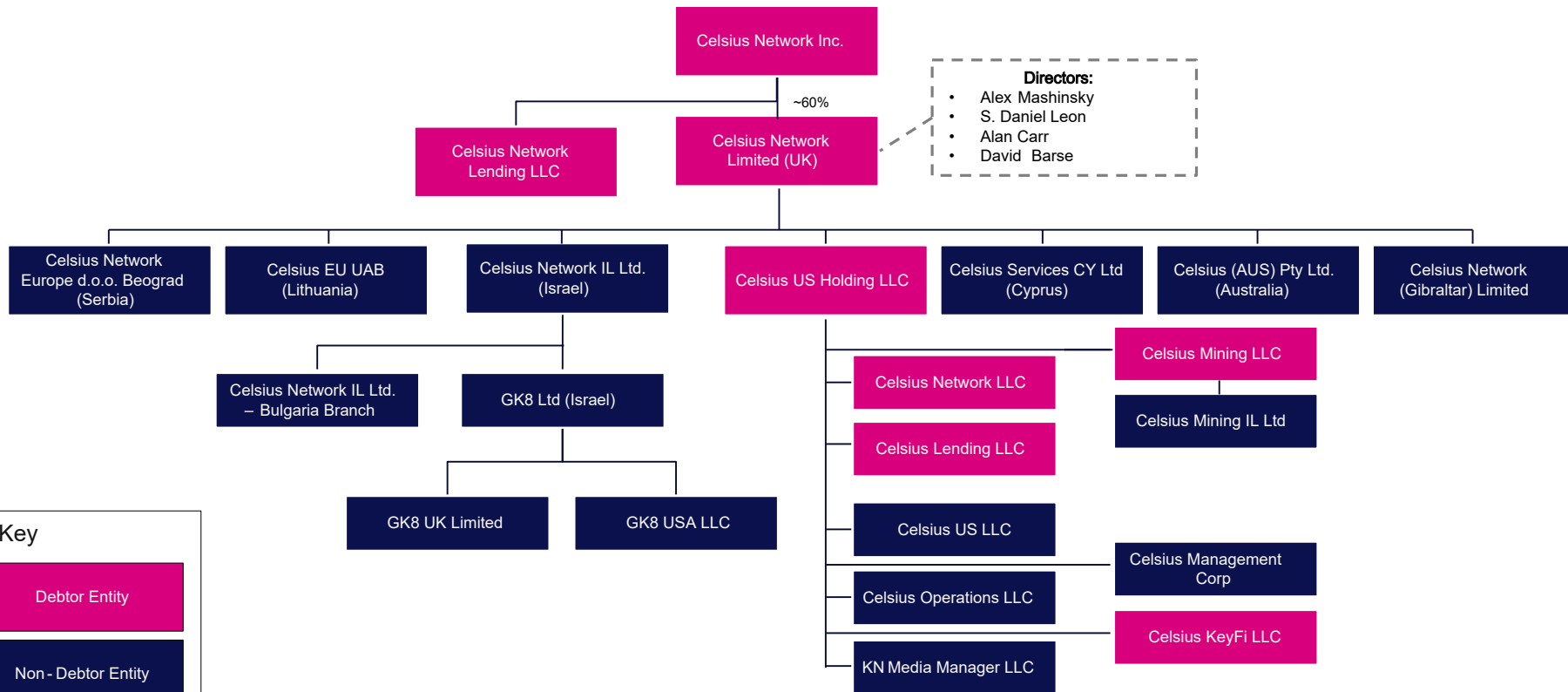
- Key steps were taken before filing to pull crypto assets back into Celsius' custody
 - Celsius unwound most positions where it had borrowed from and posted collateral to third parties
 - Nearly all of Celsius' assets are stored on Fireblocks
 - Celsius is no longer relying on an intermediary to hold the "keys" to its crypto assets
- In addition, Celsius:
 - Halted new loans, coin swaps, and coin transfers among customers;
 - Froze loan accounts and ceased liquidating any loans; and
 - Suspended new deployment/investment activities, including staking its assets on other protocols.

Celsius seeks to conserve its assets and avoid, to the greatest extent possible, without further instruction from this Court, actions that may impact the outcome of the key legal issues posed.



Business Overview

Corporate Structure



Customers

Celsius has a global community of registered users, as well as institutional and corporate clients*

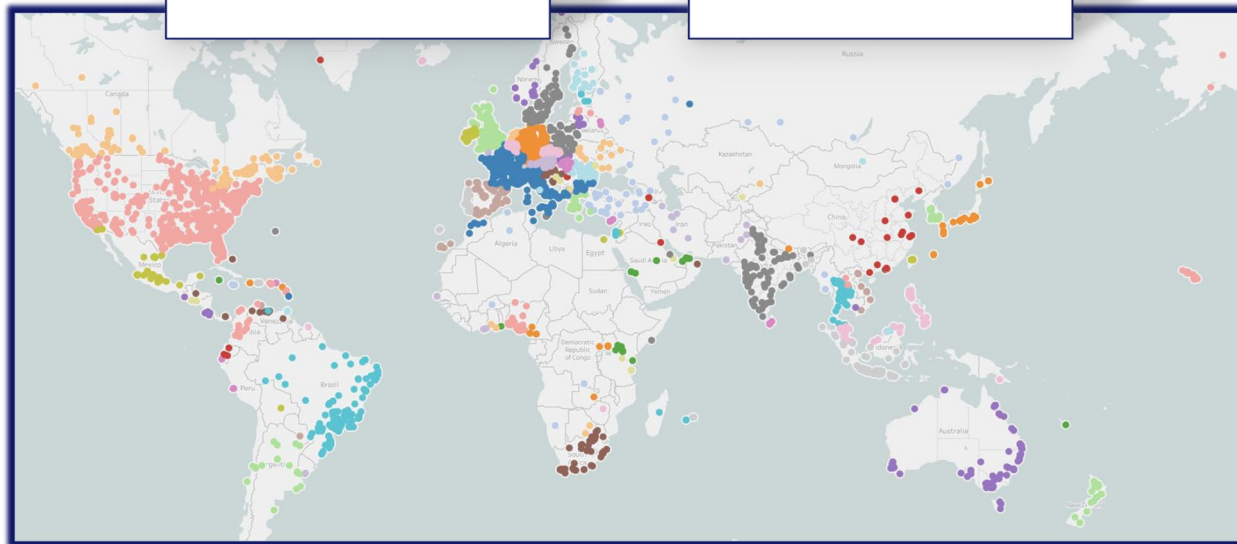
*Figures as of July 2022.



1.7M+
Registered Users



100+
Countries



Key Business Segments - Retail



Earn Program : Retail customers transferred coins to Celsius and earned rewards

- Under the Terms of Use (“TOUs”), title to coins is transferred to Celsius, and Celsius is entitled to use, sell, pledge, and rehypothecate those coins.
- Since April 15, 2022, the Earn product has been limited to U.S. accredited investors and foreign customers.

Borrow Program : Celsius lent USD or coins to borrowers who post coins as collateral

- Borrowers were able to choose from different loan products based upon LTV ratios of posted collateral, with applicable interest rates being higher for higher LTV loans.
- Title to coins is transferred to Celsius and Celsius is entitled to use, sell, pledge, and rehypothecate those coins.

Custody Program : Custodial services for customer, incl. U.S. non - accredited investors

- Began in April 2022
- Title remains with customer and Celsius cannot use coins without instructions from the customer.

Key Business Segments – Institutional and Mining



Institutional Lending and Borrowing Program : Bespoke lending and borrowing with institutional clients, such as hedge funds and market - makers

- Depending on the creditworthiness of the counterparty, loans to institutional investors may be secured, partially secured, or unsecured

Mining : Celsius, through its Debtor subsidiary Celsius Mining LLC, operates one of the largest Bitcoin mining enterprises in the U.S.

- Celsius operates over 43,000 rigs and plans to operate 112,000rigs by Q2 2023.

Key Business Segments – Deployment



DeFi protocols : Celsius deployed assets on decentralized finance protocols in order to generate yield.

Staking : Celsius would stake assets on other protocols, such as Ether 2.0, in order to generate yield

CeFi trading : Celsius engaged in certain opportunistic market - neutral trades with its digital assets, including “cash and carry” trades and other exchange - based trades .

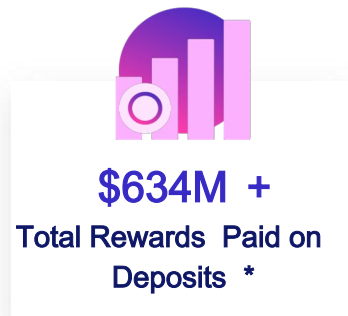
NOTE: Celsius still has certain open positions in certain of these business activities, but is not doing any new deployment.

How Celsius Is Different

Offers users a way to earn rewards on their digital assets

A platform that does more than store users' assets

Does not —
Hold users' cash or
provide users with individual "wallets"

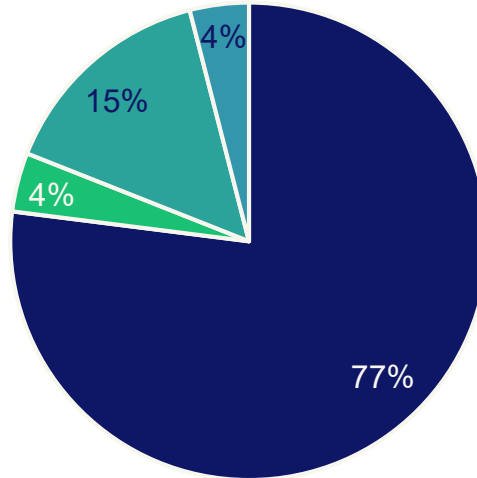


Deposits by Program



Deposit Breakdown (July 13, 2022)

■ Earn Program ■ Custody Program ■ Lending Collateral ■ CEL Balance

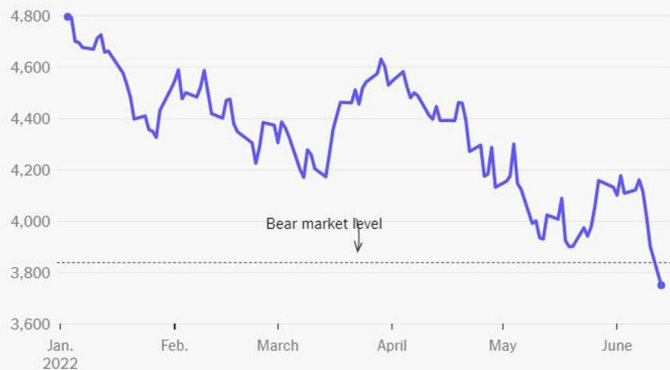




Events Leading to Chapter 11 and Path Forward

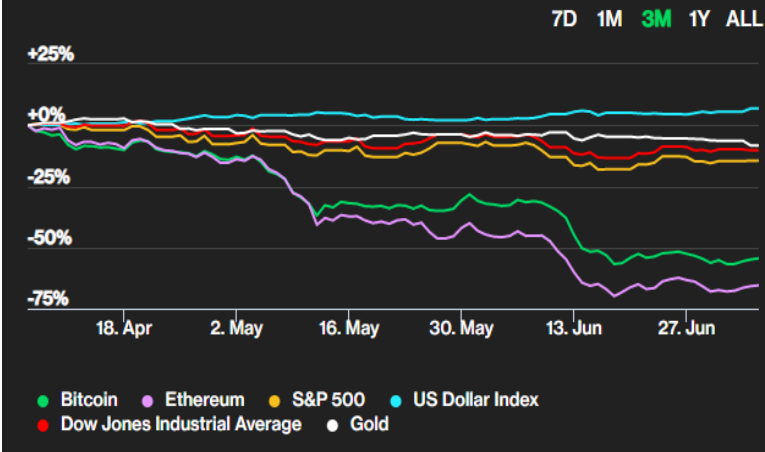
Industry Headwinds

Bear Market Sends Grim Signal of Economic Fears

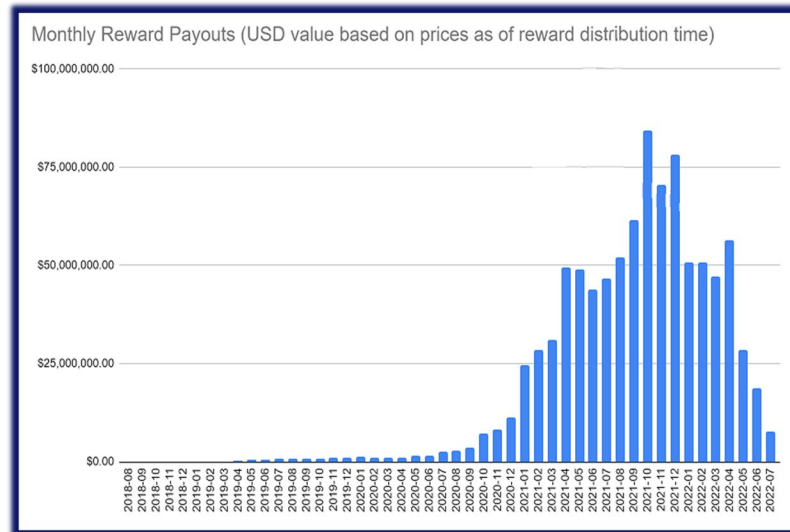
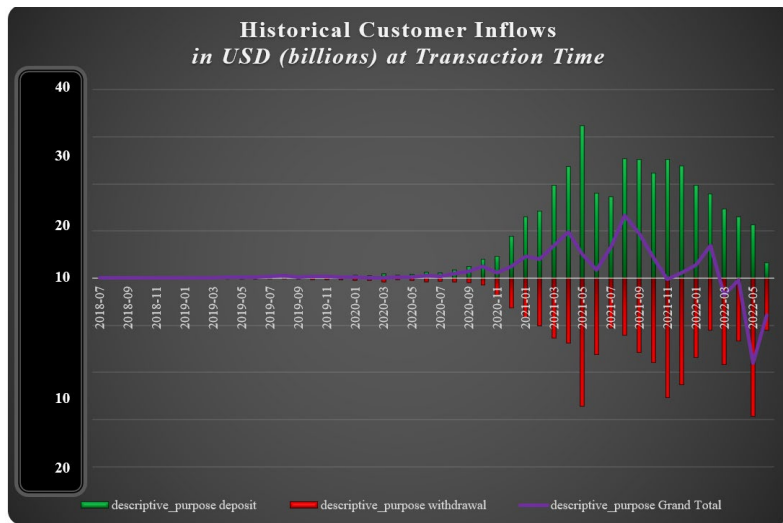


Source: FactSet

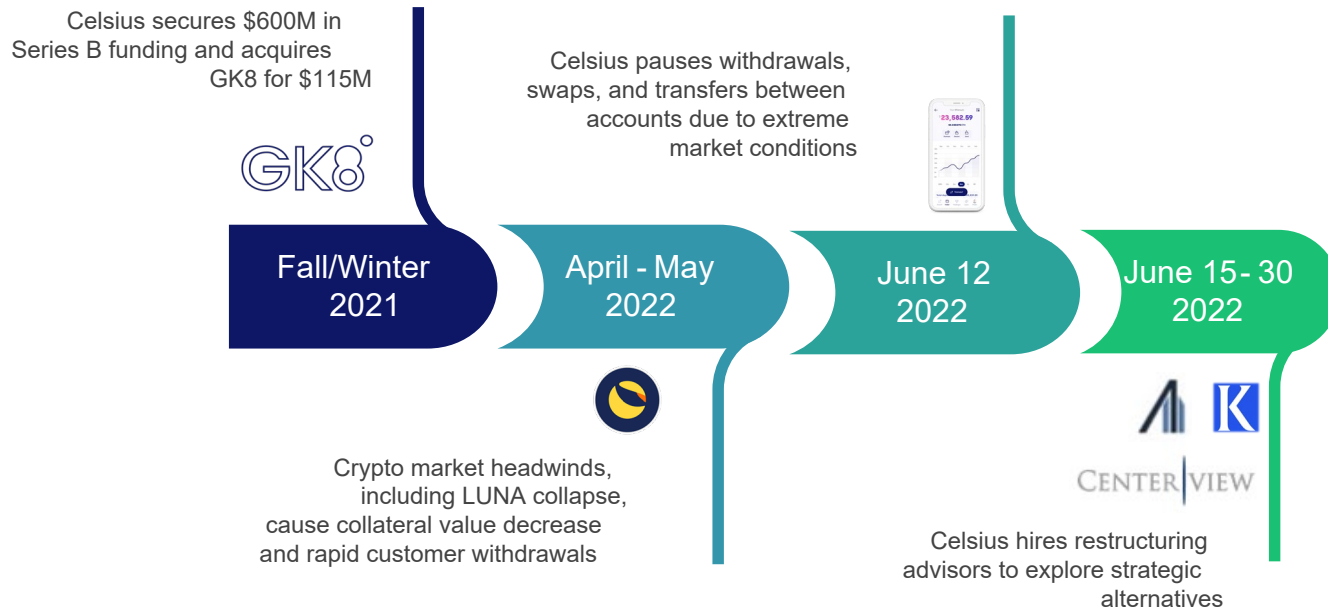
Price Performance



Transfer and Reward Activity



Timeline of Events Leading up to Chapter 11



Next Steps

- Preserve value while negotiating a comprehensive restructuring transaction with stakeholders
- Use Bitcoin minted by mining operations to help fund mining operations and grow Bitcoin holdings
- Consider asset sales and third - party investment opportunities
- File and confirm a chapter 11 plan that will (i) provide customers with the option, at the customers' election, to recover either cash at a discount or remain "long" crypto, (ii) maximize returns for stakeholders, and (iii) reorganize the Celsius business



Appendix

Key Terminology

- Blockchain technology utilizes encryption and authentication to create a secure, decentralized ledger where users are linked in a peer - to - peer network
- All performed transactions are public, but the transferor and transferee identities remain anonymous
- Cryptocurrency is stored in “wallets,” software apps that generate and store keys used to send and receive cryptocurrency.
- Cryptocurrency “miners” validate transactions on the blockchain in return for payment in kind
 - Proof of Work : “first come, first serve” form of mining where the first to validate a transaction receives the cryptocurrency payment
 - Proof of Stake : attributes mining power to the proportion of coins held by a miner, creating a more efficient energy system